

**City of Detroit – Public Lighting Department
Energy Optimization 2/4 Year Plan Review for 2012-2015
MPSC Case No. U-16697**

Introduction

Pursuant to 2008 Public Act 295 (PA 295), the City of Detroit, Public Lighting Department (PLD) is filing this Energy Optimization (EO) 2/4 Year Plan with the Michigan Public Service Commission (MPSC).

The Detroit PLD EO plan was initially approved by the Commission on July 1, 2009. Every two years after the initial approval of the EO, the Commission shall review the EO, after a period of public comment provided by either the Commission or the municipal utility.

This 2/4 Year plan review consists of three sections:

- Section 1 is an overview of the currently implemented EO programs.
- Section 2 will summarize the EO programs.
- Section 3 will provide additional information with plan summary attachment.

SECTION 1: INTRODUCTION

PLD plans to continue to implement the EO programs to comply with the EO standards. Below is a list of the currently implemented EO programs:

- Continue to offer Energy Optimization programs as outlined in the EO plan approved by the MPSC on July 1, 2009 and July 1, 2010.
- Administration of the EO programs by PLD personnel and Walker Miller Energy Services, LLC.
- Contracted with Walker Miller Energy Services, LLC to implement the Efficient HVAC/Appliances, Multi-Family In-Unit Efficiency programs, the Business Prescriptive, Multifamily Common-Area, Custom programs, and Residential Low Income program.
- Education for the Residential program was implemented by PLD in-house personnel and Walker Miller Energy Services, LLC.
- Continued contract with KEMA, Inc. to obtain independent expert evaluations for the verification of incremental energy savings for each Energy Optimization program.

PLD will submit a copy of its 2/4 year review plan report to Detroit City Council and make it available at its office and on its website. A summary will also be provided to its customers through the bill insert by August 30, 2011.

SECTION 2: DESCRIPTION OF THE PROGRAMS

Residential Low Income Services

The Detroit PLD has less than 300 residential customers and all qualify under low income group. PLD, with the assistance of Walker Miller Energy Services, LLC will continue to conduct a number of workshops related to the EO plan and facilitate the distribution of energy efficient light bulbs under the Low Income Program.

Residential Solutions

The programs below were made available to all PLD residential electric customers.

Efficient Lighting Program

The Efficient Lighting Program will be available to all Detroit PLD customers with General Service Rate used for residential purposes (KWHr per day not to exceed 17). The City of Detroit, Public Lighting Department focused on the distribution of CFL's to our residential customers. This task was facilitated through onsite workshops and presentations at the facility.

Residential Education Services

The attached summary sheet shows the proposed budget and the energy savings information for Residential Education Services. These budget expenditures are used to communicate and educate customers on the benefits of energy efficiency and load management through website education, group presentations to organizations in the community, printing of brochures and fact sheet bill inserts, and newsletters. Budget funds for education are deemed to generate a proportional amount of the required energy savings for each program year in which the money is spent.

Residential HVAC and Appliances

This program was launched in January of 2010 and is a combination of the Efficient Appliances/Electronic and HVAC Equipment program listed in the 2009 Plan filing. The objective of this program is to produce long-term coincident peak demand reduction and annual energy savings in the residential sector by promoting the purchase and installation of high-efficiency heating and cooling equipment. The program also includes the early retirement and recycling of older, inefficient room air-conditioners and dehumidifiers and replacement with ENERGY STAR units.

Business Solutions

The programs below are available to all PLD commercial and industrial customers (excluding the opt-out customers). The attached EO plan summary sheet gives the estimated KWH savings and the budget projections for the years 2012 through 2015.

Commercial and Industrial Prescriptive Incentive Program

The Prescriptive Incentive program provides incentives when businesses replace inefficient equipment with high-efficiency electric technologies on a one-for-one basis. These incentives address the first-cost barrier for customers by providing financial incentives averaging 20% to 40% of the incremental cost of purchasing qualifying technologies. The program is marketed through trade allies, presentations at various organizations, local events and the PLD website.

Commercial and Industrial Custom Incentive Program

The objective of the Custom Incentive Program is to affect the installation of site-specific and unique energy efficiency technologies and process improvements (that do not fit the parameters of the Prescriptive Program) by business customers that would not have done so in the absence of the program. This program is marketed through the same channels as the Prescriptive Program.

Business Education Services

Budget funds for education are deemed to generate a proportional amount of the required energy savings for each program year in which the money is spent.

Self-Directed Energy Optimization Plan for Electric Customers

PLD has only one customer that chose the self-directed option for 2011-2012 and the estimated savings for 2012 is 128 megawatt hours.

SECTION 3: ADDITIONAL INFORMATION

Recovery of Costs from Customers

PLD started collecting surcharges in January 2010. Those surcharges are shown in the table below and are expected to remain the same through 2015.

Levelized Surcharges		2009-2015
Residential	Per kWh	\$0.0015
Secondary 1	Per meter/Month	\$1 - \$75
Secondary 2	Per meter/Month	-0-
Primary	Per meter/Month	\$10-\$750

Charges for each customer class were developed based on the approximate percentage of programs budget allocations that will be offered for that customer class to the extent feasible.

To recover the low income program costs from the self-directed customers, the levelized charges to Primary customers will be (-0-) per meter per month.

Coordination of Energy Optimization Programs

PLD will continue to meet with other utilities and agencies regarding the coordination of programs. In addition, PLD participates in the EO Collaborative meetings hosted by MPSC through our membership in the Michigan Municipal Electric Association (MMEA).

Comment Proceedings

PLD will provide an opportunity for public comments on the Energy Optimization Plan beginning August 1, 2011. Detroit PLD customers will be notified of the EO plan by direct mailing and posting on PLD's web site. PLD will accept public comments on its EO Plan until August 15, 2011. All public comments will be compiled by the PLD and filed with the MPSC prior to September 1, 2011.

City of Detroit's Energy Optimization Plan - Summary

Budget and Savings Targets		2012		2013		2014		2015	
		Savings (kwh)	Budget	Savings (kwh)	Budget	Savings (kwh)	Budget	Savings (kwh)	Budget
Residential (including admin and eval)	Savings Goals/Budget Caps	15,053	\$ 3,997	15,039	\$ 3,988	15,007	\$ 3,980	14,947	\$ 3,972
	Current Values for this Portfolio	15,053	\$ 3,649	15,039	\$ 3,794	15,007	\$ 4,189	14,947	\$ 4,173
	Variance	(0)	\$ 348	(0)	\$ 194	(0)	\$ (209)	(0)	\$ (201)
	Variance %	0%	9%	0%	5%	0%	-5%	0%	-5%
Commercial (including admin and eval)	Savings Goals/Budget Caps	5,002,654	\$ 995,365	4,997,918	\$ 992,946	4,987,183	\$ 991,034	4,967,310	\$ 989,121
	Current Values for this Portfolio	5,002,652	\$ 931,776	4,997,917	\$ 942,646	4,987,182	\$ 966,576	4,967,309	\$ 962,723
	Variance	(1)	\$ 63,588	(1)	\$ 50,300	(1)	\$ 24,457	(1)	\$ 26,398
	Variance %	0%	6%	0%	5%	0%	2%	0%	3%
Total	Savings Goals/Budget Caps	5,017,707	\$ 999,362	5,012,957	\$ 996,934	5,002,190	\$ 995,014	4,982,257	\$ 993,094
	Current Values for this Portfolio	5,017,705	\$ 935,425	5,012,955	\$ 946,440	5,002,189	\$ 970,765	4,982,256	\$ 966,896
	Variance	(1)	\$ 63,937	(1)	\$ 50,494	(1)	\$ 24,249	(1)	\$ 26,197
	Variance %	0%	6%	0%	5%	0%	2%	0%	3%

Energy Optimization Program Portfolio

Portfolio Category	Program Portfolio	USRCT Results	CCE Results	2012		2013		2014		2015	
				Gross First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget
Residential	Low Income Services			3,251	\$ 1,214	3,248	\$ 1,213	3,241	\$ 1,210	3,229	\$ 1,208
	Residential Services			9,293	\$ 994	9,284	\$ 1,124	9,264	\$ 1,484	9,227	\$ 1,478
	Educational Services			2,509	\$ 468	2,506	\$ 473	2,501	\$ 485	2,491	\$ 483
	Pilot Programs			-	\$ -	-	\$ -	-	\$ -	-	\$ -
	Subtotal - Residential Solutions			15,053	\$ 2,676	15,039	\$ 2,810	15,007	\$ 3,180	14,947	\$ 3,167
Commercial & Industrial	Self-Direct Customers										
	Business Services			4,854,630	\$ 661,944	4,850,034	\$ 669,636	4,839,618	\$ 686,549	4,820,332	\$ 683,813
	Educational Services			148,022	\$ 27,595	147,892	\$ 27,920	147,565	\$ 28,638	146,977	\$ 28,523
	Pilot/Emerging Technology Programs			-	\$ -	-	\$ -	-	\$ -	-	\$ -
	Subtotal - Business Solutions			5,002,652	\$ 689,539	4,997,917	\$ 697,556	4,987,182	\$ 715,187	4,967,309	\$ 712,336
Total Program Portfolio				5,017,705	\$ 692,215	5,012,955	\$ 700,366	5,002,189	\$ 718,367	4,982,256	\$ 715,503
Portfolio-Level Costs	Utility Administration				\$ 205,794		\$ 208,217		\$ 213,568		\$ 212,717
	Evaluation				\$ 37,417		\$ 37,858		\$ 38,831		\$ 38,676
	Subtotal - Portfolio Level Costs				\$ 243,211		\$ 246,074		\$ 252,399		\$ 251,393
Projected Annual Totals				5,017,705	\$ 935,426	5,012,955	\$ 946,440	5,002,189	\$ 970,766	4,982,256	\$ 966,897